

FMAP increase, Health IT funds on stimulus wish list

As Congress debates a federal stimulus bill to jump start the nation's economy, Alabama is one of many states hoping that a new infusion of funds will not only help balance the state's budget but will provide financial support needed to modernize and transform its Medicaid program.

If enacted into law, federal stimulus legislation is expected to provide the impetus and the funds to create and save jobs and to restart the economy through targeted efforts ranging from road and bridge construction projects to educational, energy and technology projects. Cash-strapped states such as Alabama also hope that a proposed increase in the state's federal matching rate, also called the federal medical assistance percentage (FMAP) will help balance state Medicaid budgets as well.

The FMAP represents the share of state Medicaid benefit costs paid by the federal government and is based on a three-year average of state per capita personal income as compared to the national average. The FMAP for Fiscal Year 2009 – 67.98 percent – is based on the per capita personal income for calendar years 2004-2006.

"Congress is debating and President Obama is supporting significant assistance to states by increasing the FMAP in the stimulus bill," said Medicaid Commissioner Carol H. Steckel. "This holds great potential for our state because every 1 percent increase in the FMAP provides \$38 million additional dollars to the state, \$31 million directly to the Medicaid Agency, and \$7 million to other state agencies." A 5 percent increase in the FMAP rate could potentially bring \$150-190 million to the state, she observed.

Another component of the proposed federal stimulus package is support for health information technology to update and computerize the nation's health care system and to improve the quality of care provided by reducing or eliminating duplication, red tape and medical mistakes.

"We are very excited about this possibility because Alabama is in the forefront of this national trend toward the use of electronic health records due to the development of *QTool*, our electronic health record system," said Commissioner Steckel. "In the past, our mission was to pay claims correctly and timely. Now, we are in a select group of state Medicaid programs chosen to lead a national transformation effort to move beyond just paying claims correctly to using technological know-how, national health care guidelines and the power of collaboration to create a health care system that is driven by information, accountability and results."

Currently, Alabama is pilot testing *QTool* in nine counties, assisting physicians and others as they use the new technology to review claims data on patients' hospital and office visits, medications, lab tests and x-ray procedures. The system also allows physicians to enter and update information, print out a summary sheet, and view alerts to help in the care of patients with asthma and diabetes. Future versions will add a provider message center, e-prescribing capability from within the system, an internal referral function, email, provider reporting and better management of patient-provider visit workflow.

"Investing in a system that promotes prevention not only improves the quality of life for our recipients but also reduces the costs of the program. With additional funding, we are in a position to expand this system statewide and to help physicians integrate this exciting new technology into their practices," Commissioner Steckel said.